

Minutes of the Thirteenth Annual General Meeting of the Company conducted on a fully virtual basis from the Broadcast Venue at Level 10, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 30 December 2021 at 2.00 p.m.

Attendance

As per Attendance List

The Meeting commenced at 2.00 p.m. with the requisite quorum being present.

Notice

The Notice convening the Meeting was taken as read.

1. CHAIRMAN'S ADDRESS

The Chairman, Mr. Tay Ben Seng, Benson, wished all members present a very good afternoon and thanked them for their attendance at the Company's Thirteenth Annual General Meeting. The Chairman then proceeded to introduce the Board members and Company Secretary.

Upon the Secretary's confirmation of a quorum being present, the Chairman requested Mr. Lim Kim Teck, the Company Secretary to brief the members on the proceedings of the meeting and voting procedure and to go through the agenda of the meeting on his behalf.

2. PROCEDURES OF MEETING

The Company Secretary informed all present that in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting on all the resolutions set out in the notice of the Thirteenth Annual General Meeting will be carried out by way of poll. He informed that Boardroom.com Sdn. Bhd. has been appointed as the poll agent and BTS Solution Sdn. Bhd. has been appointed as the independent scrutineer ("Scrutineer") for the polling process. The polling will be conducted electronically via the remote participation and voting ("RPV") facility provided by Mlabs Research Sdn. Bhd. The voting session commenced from 2.00 p.m. and remain open for voting until the announcement of end of the voting session by the Chairman. He further informed that members and proxy holders that they could pose their questions in real time during the meeting by using the Query Box in the RPV application. The polling administrator showed a presentation on how to pose questions and vote through the RPV application.

3. QUESTIONS FROM MINORITY SHAREHOLDERS WATCH GROUP ("MSWG") AND COMPANY'S RESPONSES

The Company Secretary informed all present that the Company has received a letter dated 16 December 2021 from Minority Shareholders Watch Group ("MSWG") wherein MSWG sought clarification on certain matters and the Company has replied to MSWG accordingly.

The Chief Financial Officer, Mr. Chong Kok presented the questions posted by MSWG and the Company's response to the queries from MSWG as set out in Appendix A. The said questions from MSWG and the Company's response were also projected on screen for ease of reading by all present.

4. MEETING AGENDA AND QUESTION AND ANSWER

The Company Secretary informed the shareholders and proxy holders that the Audited Financial Statements for the financial year ended 31 July 2021 ("AFS 2021") together with the Reports of the Directors and Auditors thereon were laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence was not put forward for voting.

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4. MEETING AGENDA AND QUESTION AND ANSWER (CONTINUED...)

The Company Secretary proceeded to table each and every item on the agenda as set out in the notice of the meeting.

There were no questions from the shareholders and proxies present on the items in the agenda of the Annual General Meeting.

5. RESOLUTIONS, POLLING AND RESULTS OF THE POLL

The meeting proceeded to voting by poll on ordinary resolutions 1 to 9 as set out in the notice of meeting. The results of the poll, as verified by the Scrutineer, were as follows:-

RE-ELECTION OF MR. SIM YEE FUAN AS A DIRECTOR

Ordinary Resolution No. 1

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
11	175,967,332	99.9999	1	200	0.0001	Carried

Accordingly, it was resolved that Mr. Sim Yee Fuan, who retires in accordance with Clause 102(1) and (2) of the Company's Constitution, be and is hereby re-elected as a Director of the Company.

RE-ELECTION OF MR. TAY BEN SENG, BENSON AS A DIRECTOR

Ordinary Resolution No. 2

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
13	176,467,532	100.0000	0	0	0.0000	Carried

Accordingly, it was resolved that Mr. Tay Ben Seng, Benson, who retires in accordance with Clause 107(2) of the Company's Constitution, be and is hereby re-elected as a Director of the Company.

RE-ELECTION OF DATUK SHAM SHAMRAT SEN GUPTA AS A DIRECTOR

Ordinary Resolution No. 3

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
13	176,467,532	100.0000	0	0	0.0000	Carried

Accordingly, it was resolved that Datuk Sham Shamrat Sen Gupta, who retires in accordance with Clause 107(2) of the Company's Constitution, be and is hereby re-elected as a Director of the Company.

SAUDEE GROUP BERHAD
Company No. 200801036832 (838172-P)
(Incorporated in Malaysia)

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5. RESOLUTIONS, POLLING AND RESULTS OF THE POLL (CONTINUED...)

RE-APPOINTMENT OF AUDITORS

Ordinary Resolution No. 4

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
13	176,467,532	100.0000	0	0	0.0000	Carried

Accordingly, it was resolved that Messrs Grant Thornton Malaysia PLT be and is hereby re-appointed as Auditors of the Company for the ensuing year and that the Directors be authorised to fix their remuneration.

SPECIAL BUSINESS

APPROVAL OF DIRECTORS' FEES

Ordinary Resolution No. 5

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
9	176,242,332	99.8726	4	225,200	0.1276	Carried

Accordingly, it was resolved that Directors' fees of not exceeding RM250,000.00 (FY2021:RM250,000) for the financial year ending 31 July 2022 to the Directors of the Company be approved for payment.

APPROVAL OF PAYMENT OF BENEFITS TO THE DIRECTORS

Ordinary Resolution No. 6

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
11	176,367,332	99.9432	2	100,200	0.0568	Carried

Accordingly, it was resolved that benefits of not exceeding RM36,000.00 to the Directors of the Company from 31 December 2021 until the next Annual General Meeting of the Company be approved for payment.

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5. RESOLUTIONS, POLLING AND RESULTS OF THE POLL (CONTINUED...)

SPECIAL BUSINESS (CONTINUED...)

AUTHORITY FOR SIM YEE FUAN TO ACT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

Ordinary Resolution No. 7

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
Tier 1						
1	157,030,600	100.0000	0	0	0.0000	Carried
Tier 2						
9	18,936,632	99.9984	2	300	0.0016	Carried

Accordingly, it was resolved that the following resolution be passed as an Ordinary Resolution:-

THAT authority be and is hereby given to Mr. Sim Yee Fuan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company.

AUTHORITY TO ISSUE SHARES

Ordinary Resolution No. 8

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
10	176,342,332	99.9857	2	25,200	0.0143	Carried

Accordingly, it was resolved that the following resolution be passed as an Ordinary Resolution:-

“THAT subject always to the Companies Act 2016 (“Act”), Constitution of the Company and approvals of the relevant regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company from time to time at such price, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.”

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5. RESOLUTIONS, POLLING AND RESULTS OF THE POLL (CONTINUED...)

SPECIAL BUSINESS (CONTINUED...)

PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES

Ordinary Resolution No. 9

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
12	176,367,532	100.0000	0	0	0.0000	Carried

Accordingly, it was resolved that the following resolution be passed as an Ordinary Resolution:-

“THAT subject always to the Companies Act 2016, the provisions of the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised to make purchase(s) of such amount of ordinary shares in the Company through Bursa Securities subject to the following:

- (i) The aggregate of the shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company (“Shares”);
- (ii) The maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the total available retained profits of the Company based on its latest audited financial statements available up to the date of the transaction;
- (iii) The authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
 - (a) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (b) the expiration of the period within which the next annual general meeting of the Company after that date is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authority; and

- (iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:
 - (a) cancel the Shares so purchased; or
 - (b) retain the Shares so purchased as treasury shares; or
 - (c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
 - (d) distribute the treasury shares as share dividends to shareholders; or
 - (e) resell the treasury shares on Bursa Securities; or
 - (f) transfer the treasury shares, or any of the shares for the purposes of or under an employees’ share scheme; or transfer the treasury shares, or any of the shares as purchase consideration; or

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5. **RESOLUTIONS, POLLING AND RESULTS OF THE POLL (CONTINUED...)**

SPECIAL BUSINESS (CONTINUED...)

PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES (CONTINUED...)

Ordinary Resolution No. 9

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorized to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

6. **CONCLUSION**

Mr. Chairman notified the Meeting that the Company has not received any notice of motion from the shareholders of the Company since the dispatch of the notice of Thirteenth Annual General Meeting.

There being no further matters to discuss, it was resolved that the Meeting be concluded at 2.49 p.m. with a vote of thanks to the Chair.

Confirmed as a correct record

Tay Ben Seng, Benson
Chairman

Operational & Financial Matters

Q1. Food Service (HORECA and OEM) segment revenue declined by 33.5% to RM13.01 million in FY2021 compared to RM19.56 million in FY2020, mainly due to the closure of many F&B outlets during the lockdown period especially in the second half of FY2021 (page 15 of Annual Report (AR) 2021).

(a) What is the recovery in sales from the Food Service segment since the easing of Covid-19 restrictions in August 2021 under which F&B outlets are allowed to operate under strict standard operating procedures (SOP)?

(b) Given that HORECA and OEM segments command higher profit margin, what are the Group’s strategic growth plans to capture more market share in this segment in a post pandemic environment?

A1. Barring any unforeseen circumstances, the Management is of the opinion after easing of restriction by Malaysia Government in August 2021, the Company foresee demand from FPP, HORECA and OEM customers will gradually recover. Therefore, the management is of the opinion that Company’s financial performance will have a better financial performance for financial year 2022 as compared to year 2021.

Q2. During the lockdown periods, the Group was only able to work at 60% capacity and the Group was unable to fulfill the market demand and eventually the revenue in the second half of FY2021 had been reduced by at least 40% (page 16 of AR 2021)

(a) What is the factory capacity utilisation after the easing of Covid 19 restrictions in August 2021? Is the Group able to fulfil market demand with current production capacity?

(b) How has management finetuned the Group’s operations to adapt to the new operating environment due to Covid 19? How is management making use of the opportunity to streamline/improve its workflow for better efficiency?

A2. Yes, our production was reduced by at least 40% and this also reflected into our revenue for 2nd half of year 2021. Even with the easing of restriction of Covid-19 restriction, The Company only able to run into full production in September 2021 after 100% fully vaccinated.

With the 100% production in September 2021 onward, the Company implement stringent SOP to avoid disruption in production due to Covid-19. Besides that, the Company also implementing working at 7 days a week with rotation of working time. This eventually increase the production output in coming quarters to fulfil the demand from customers.

Q3. The Company raised RM100.4 million through rights issue and private placement in FY2021. RM37.0 million out of the total proceeds is to be utilised for expansion of production capacity and construction of a cold room (page 17 & 54 of AR 2021).

Please elaborate on the plans (including timeline) for the expansion project. How has the ongoing pandemic affected the plans?

A3. Yes, based on plan as mention in circular on Right issue and private placement dated 21 May 2021, The Company intended to increase its production capacity from 600 tonnes to 1,000 tonnes per month with built up a cold room accommodating approximately 9,200 palate that can improved capacity to around 40% in production floor. The timeline of the project to complete shall within 24 months from the date started August 2021.

If the Covid-19 pandemic carried on in year 2022, it may cause a delay in implementing the expansion project as the delivery of machinery and approval from varies authorities may need more time due to more stringent procedures.

- Q4. The Group's accumulated allowance for impairment losses on trade receivables have increased by 54% to RM3.7 million in FY2021 (FY2020: RM2.4 million) (Note 11, page 101 of AR 2021)**
- (a) **What are the profiles of the debtors with uncollectable trade receivables? How does Management assess that these outstanding receivables are uncollectable? Is the Group still trading with these debtors?**
- (b) **Will the impairment losses on trade receivables remain elevated in FY2022?**
- (c) **What is the probability of recovering the impaired amount? To-date, how much of the impaired trade receivables have been recovered?**
- A4. (a) The Management applied more prudent approach that any receivables for more than 5 month outstanding will considered to do impairment allowance for doubtful debts. And every quarter the Management will review the outstanding receivables to reassess all doubtful debts that been provided to do reversal of provision or take necessary legal action if there is any uncollected debts.
- (b) & (c) No, the allowance amount unlikely to elevate in year 2022. The probability of reversal of impairment is high and to-date reversal is RM370,000.
- Q5. The Company's accumulated impairment losses on investment in subsidiaries increased significantly to RM32.99 million in FY2021 (FY2020: RM nil) (Note 7, page 99 of AR 2021)**
- (a) **Please name the subsidiary and the amount of allowance for impairment loss respectively.**
- (b) **What were the reasons for the huge impairment? Is there any potential for the allowance of impairment loss to be reversed in the future?**
- A5. The subsidiary is Saudi Cold Storage Sdn. Bhd. The reason due to the subsidiary company making loss in year 2021 and we foresee the impairment will be reversed in Year 2022. As this marketing arm of the Group will improved its revenue and profitability in year 2022.

Corporate Governance Matters

- Q6. Mr. Sim Yee Fuan ("Mr. Sim") has served the Board for 12 years 3 months (up to the date of AGM on 30 December 2021) as an Independent Non-Executive Director. The Board will seek shareholders' approval for Resolution 7 to retain Mr. Sim to continue to act as the Independent Director of the Company until the conclusion of next Annual General Meeting (AGM) of the Company (page 5 of AR 2021).**
- Practice 4.2 of Malaysian Code of Corporate Governance ("MCCG") states that two tier voting should be adopted for the re-election of independent directors (as independent directors) if their tenure has exceeded 12 years.**
- Will the Board conduct two-tier voting for Resolution 7 to retain Mr. Sim as the independent director in the upcoming AGM on 30 December 2021 as there was no mention whether two-tier voting process will be conducted in the Company's Annual Report 2021?**
- A6. The Resolution 7 will be conducted by 2-tier voting.

- Q7. On page 5 of the Corporate Governance Report 2021, the Company states that Mr. Khoo Lay Tatt has resigned as the Chairman of the Board on 13 August 2020 and is currently looking for a suitable candidate to fill the vacancy of Chairman of the Board. In this regard, the Company has not applied Practice 1.2 as the Company does not have a designated Chairman.**

The Chairman's position had been left vacant for more than 1 year. What are the challenges that the Company is facing in identifying the right candidate as Chairman? What is the targeted timeline for the appointment of a new Chairman?

- A7. The Board well noted the best practise for CG. However, The Group need to get the replacement that well know the industrial practise on food and have knowledge that will give a good guidance to the Company. The Company target to appoint new Chairman in this financial year i.e. 2022.**

- Q8. On 6 December 2021, the Company announced that Mr. Mak Siew Wei has resigned from the Board as an Executive Director due to other work commitments. Mr. Tay Ben Seng, Benson ("Mr Tay"), an Executive Director who was appointed to the Board recently on 1 July 2021, is also an Executive Director of three other public listed companies, which are, Focus Dynamics Group Berhad, Oversea Enterprise Berhad and Brahim's Holdings Berhad (page 8 of AR 2021).**

As an Executive Director of the Company, Mr. Tay is expected to devote his full-time commitment to Saudee as he is drawing salary, bonus and other benefits under the contract of service with the Company.

- (a) Please explain how Mr. Tay manages his time commitment to the Company vis-à-vis his position as Executive Director of Focus Dynamics Group Berhad, Oversea Enterprise Berhad and Brahim's Holdings Berhad given that all three are executive positions that require full-time commitment.**
- (b) Given that Mr. Tay is an Executive Director of three other public listed companies, what is the rationale for the Nomination Committee to recommend Mr. Tay to the Board and the reason for the Board to approve his appointment?**
- (c) Is there a conflict of interest for Mr Tay as some of these companies where he sits as Executive Directors are also involved in the food services industry?**
- A8. Yes, Mr Tay able to give a good direction and guidance to the Management with his vast experience in F&B sector. Even though, he sits in other 3 Board that involve in Food services industrial, that make his contribution more toward food related knowledge and able to drive the Company into next level. This the rationale that Nomination Committee recommend Mr Tay to the Board.**

Sustainability Matters

- Q9. Under the Sustainability Statement, Saudee had disclosed the energy and water consumption level for FY2021 and FY2020 (pages 28 to 30 of AR 2021).**

- (a) The other key statistics such as greenhouse gas emission and waste management were not disclosed. Does the Group keep track of the statistics for these items?**
- (b) What is the consumption/effluent/discharge targets that Saudee aims to achieve? How does the Group plan achieve these targets?**
- A9. (a) & (b) No, but the Company is follow the requirement set by JAS ("Jabatan Alam Sekitar"). The relevant authority will come to audit assess before give approval on the environment matter. The Company never fail to get approval from JAS on environmental , energy and disposition of waste and water treatment plant.**